




MEMORANDUM

TO: Mayor and City Council

From: Veronica Briseño, Director, Economic Development Department 

DATE: February 5, 2020

SUBJECT: Clarification Memo for Item #8 – Nomination of NXP USA, Inc. – Enterprise Project

The February 6th City Council agenda includes an item for the Mayor and Council's consideration to approve a resolution to nominate NXP USA, Inc. for designation by the Governor's Office of Economic Development and Tourism as a single Texas Enterprise Project in accordance with Chapter 2303 of the Texas Government Code.

In the additional backup Information, specifically, NXP USA, Inc. plans to invest \$116 million on converting office space to manufacturing space to increase manufacturing capacity which resulted in 34,000 sq./ft of office to cleanroom conversion. As a result of the added manufacturing space, NXP USA, Inc. plans to purchase and upgrade its equipment and technology capabilities for wafer manufacturing to increase production efficiencies. These equipment and facility upgrades will preserve NXP USA, Inc.'s ATMC facility as one of the most advanced semiconductor plants in the United States and allow NXP USA, Inc.'s to create 50 new full-time positions for Enterprise Zone benefit at the Austin Technology and Manufacturing Center ("ATMC"). NXP USA, Inc has 904 full-time employees, with a total number of Full-Time Jobs to be created at 50, and total number of Jobs to be retained for benefit are 400, which meets the definition of a "retained job" in accordance with Texas Government Code 2303.401.

EDD would like to clarify to Mayor and Council that this section should read, "Specifically, NXP USA, Inc. plans to invest \$37.5 million to upgrade and update its Oak Hill headquarters and wafer fabrication facility, located at 6501 West William Cannon Drive, Austin, Texas 78735. NXP plans to spend \$2.5 million on facility upgrades to building equipment, which will include the purchase of chiller, compressor and electrical cabling replacements, along with modernization improvements to gas and chemical equipment across the Oak Hill campus. Additionally, NXP anticipates spending approximately \$35 million to upgrade and replace aging fabrication manufacturing equipment. The investments and upgrades at NXP's Oak Hill campus will lead to increased capacity and production efficiencies. NXP employs 1,985 employees at its Oak Hill headquarters facility and expects to maintain its existing level of employment, and a total number of Jobs to be retained for benefit are 500, which meets the definition of a "retained job" in accordance with the Texas Government Code 2303.401.

To reiterate the intent of this change, this action will provide clarity to the specifics of the Oak Hill Campus project separate from its Austin Technology and Manufacturing Center facility located on Ed Bluestein, and the fact that this is not considered a concurrent Enterprise Project Application for NXP USA, Inc. Lastly, the city's newly updated enterprise zone ordinance will provide this application with 10 additional points to the overall total score, thus making it more competitive at the state level.

xc: Spencer Cronk, City Manager
 Jannette Goodall, City Clerk
 Anne Morgan, City Attorney